

# **Exhibit A**

1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

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5 In the Matter of:

6 LEHMAN BROTHERS HOLDINGS, INC., CAUSE NO.

7 et al, 08-13555 (JMP)

8 Debtors.

9 - - - - - x

10 In re

11 LEHMAN BROTHERS, INC., CAUSE NO.

12 Debtor. 08-01420 (JMP) (SIPA)

13 - - - - - x

14

15 U.S. Bankruptcy Court

16 One Bowling Green

17 New York, New York

18

19 January 16, 2013

20 10:03 AM

21

22 B E F O R E:

23 HON. JAMES M. PECK

24 U.S. BANKRUPTCY JUDGE

25 ECRO: TB

1 HEARING re Status Conferences:

2 1) Joint Motion of Lehman Brothers Holdings, Inc. and  
3 Litigation Subcommittee of Creditors committee to Extend  
4 Stay of Avoidance Actions and Grant Certain Related Relief  
5 (ECF No. 33322)

6 2) LBHI's Objection to Proofs of Claim Number 14824  
7 and 14826 (ECF No. 30055)

8 3) Hearing to Consider Objections to Purported Claims  
9 Transfers to Stichting Value Foundation (ECF No. 32646)

10 4) Motion of Traxis Fund LP and Traxis Emerging  
11 Market Opportunities Fund LP to Compel Debtors to Reissue  
12 Distribution Checks for Allowed Claims (ECF No. 32163)

13

14 HEARING re Uncontested Matter: First and Final Fee  
15 Application of Epiq Bankruptcy Solutions, LLC, as  
16 Solicitation and Voting Agent to the Debtors for Allowance  
17 and Payment of Compensation for Professional Services  
18 Rendered and For Reimbursement of Actual and Necessary  
19 Expenses Incurred from September 1, 2011 through December 6,  
20 2011 (ECF No. 27762)

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HEARING re Adversary Proceedings:

1) Walton, et al v Lehman Brothers, Inc., et al

(Adversary Case No. 12-01898), Motions to Dismiss

2) FirstBank Puerto Rico v Barclays Capital, Inc.

(Adversary Proceeding No. 10-04103), Barclays Capital, Inc.

Motion for Summary Judgment; FirstBank Puerto Rico Motion

for Summary Judgment

Transcribed by: Sheila Orms

1 A P P E A R A N C E S :

2

3 WEIL, GOTSHAL & MANGES LLP

4 Attorneys for Lehman Brothers Holdings, Inc.

5 767 Fifth Avenue

6 New York, NY 10153

7

8 BY: MAURICE HORWITZ, ESQ.

9 GARRETT A. FAIL, ESQ.

10 JACQUELINE MARCUS, ESQ.

11

12 WEIL, GOTHAL & MANGES LLP

13 Attorneys for Lehman Brothers Holdings, Inc.

14 1300 Eye Street, N.W.

15 Suite 900

16 Washington, DC 20005

17

18 BY: PETER D. ISAKOFF, ESQ.

19

20 SEWARD & KISSELL

21 Attorneys for Traxis Fund LP

22 One Battery Park Plaza

23 New York, NY 10004

24

25 BY: JOHN ASHMEAD, ESQ.

1 HUGHES HUBBARD

2 Attorneys for SIPA Trustee

3 One Battery Park Plaza

4 New York, NY 10004-1482

5

6 BY: JEFFREY S. MARGOLIN, ESQ.

7 BETSY PRICE, ESQ.

8

9 GLIFFORD CHANCE

10 Attorneys for Stichting the Iamex Value Foundation

11 31 West 52nd Street

12 New York, NY 10019

13

14 BY: JENNIFER C. DEMARCO, ESQ.

15

16 SULLIVAN & CROMWELL, LLP

17 Attorneys for Canary Wharf Management, LTD., Heron

18 Quays (HQ2) T1 Limited, and Heron Quays (HQ2) T2

19 Limited

20 125 Broad Street

21 New York, NY 10004

22

23 BY: DAVID B. TULCHIN, ESQ.

24 MARK DE LEEUW, ESQ.

25 JOHN J. JEROME, ESQ.

1 GIBSON DUNN

2 Attorneys for Lehman Brothers Finance AO  
3 2100 McKinney Avenue  
4 Dallas, TX 75201-6912  
5

6 BY: ROBERT B. KRAKOW, ESQ.  
7

8 STONE BONNER & ROCCO LLP

9 Attorneys for Karolina Penard  
10 260 Madison Avenue  
11 17th Floor  
12 New York, NY 10016  
13

14 BY: RALPH M. STONE, ESQ.  
15

16 CLEARY GOTTlieb STEEN & HAMILTON LLP

17 Attorneys for Barclays Capital, Inc.  
18 One Liberty Plaza  
19 New York, NY 10006  
20

21 BY: MATTHEW VANEK, ESQ.

22 BOAZ S. MORAG, ESQ.

23 MARK E. MCDONALD, ESQ.  
24  
25

1 BRYAN CAVE LLP

2 Attorneys for Bank of America, N.A. and  
3 Federal National Mortgage Association  
4 1290 Avenue of the Americas  
5 New York, NY 10104

6

7 BY: THOMAS J. SCHELL, ESQ.

8

9 DICKSTEIN SHAPIRO, LLP

10 Attorneys for FirstBank Puerto Rico  
11 1633 Broadway  
12 New York, NY 10019

13

14 BY: JEFFREY A. MITCHELL, ESQ.

15 JUDITH R. COHEN, ESQ.

16 STEPHANIE BIRBROWER GREER, ESQ.

17

18 MILBANK, TWEED, HADLEY & MCCLOY, LLP

19 Attorneys for Official Committee  
20 One Chase Manhattan Plaza  
21 New York, NY 10005

22

23 BY: DENNIS C. O'DONNELL, ESQ.

24

25



TELEPHONIC APPEARANCES:

ANASTOLY BUSHLER, FARALLON CAPITAL MANAGEMENT

ISSAC K. DEVYVER, REED SMITH, LLP

CHAD J. HUSNICK, KIRKLAND & ELLIS, LLP

PAUL S. JASPER, SCHNADER HARRISON SEGAL & LEWIS LLP

ADRIENNE K. WALKER, MINTZ, LEVIN, COHN, FERRIS, GLOVSKY

MICHAEL NEUMEISTER, STUTMAN, TREISTER & GLATT

CHRISTINE PAJAK, STUTMAN, TREISTER & GLATT

1 P R O C E E D I N G S

2 THE COURT: Be seated, please, good morning.

3 MS. MARCUS: Good morning, Your Honor, Jacqueline  
4 Marcus from Weil Gotshal and Manges on behalf of Lehman  
5 Brothers Holdings, Inc., and its affiliated debtors. We  
6 have a rather short agenda today, Your Honor.

7 The first matter on the agenda relates to the joint  
8 motion of Lehman Brothers Holdings, Inc., and the litigation  
9 subcommittee of the creditor's committee to extend the stay  
10 of avoidance actions.

11 As Your Honor is aware, we filed a motion to extend  
12 the stay on December 21st. At that time, we directed the  
13 claims agent to serve all of the avoidance action defendants  
14 in addition to the master service list. The objection  
15 deadline was January 9th, and no objections were filed by  
16 the deadline.

17 On Friday, January 11th, it was brought to my  
18 attention that some of the defendants in Adversary  
19 Proceeding 3547 which has 265 defendants were not served by  
20 the claims agent.

21 As set forth in the declaration that we filed  
22 yesterday, we immediately directed the claims agent to serve  
23 all of the defendants by overnight mail, while we pondered  
24 what to do about the situation.

25 Shortly after that, we decided that it would be

1 appropriate to adjourn today's hearing to the January 30th  
2 hearing date, which we've cleared with your clerk, provided  
3 that we could get a bridge order because the avoidance  
4 action stay and the service deadline currently expire. One  
5 is January 18th and the other is January 20th.

6 So, Your Honor, with that, we request that the  
7 hearing be adjourned until January 30th, and that the Court  
8 enter a bridge order. We did file a notice of adjournment  
9 of the hearing yesterday, and in the notice of adjournment,  
10 we indicated that the avoidance actions defendant in that  
11 particular adversary proceeding would have until January  
12 23rd to object to the relief that we're seeking.

13 THE COURT: That all sounds fine to me. It's  
14 adjourned till the 30th and you'll get a bridge order.

15 MS. MARCUS: Thank you, Your Honor.

16 The next matter on the agenda is a status  
17 conference relating to the proof of claim filed Canary  
18 Wharf, and my partner, Peter Isakoff will be handling that.

19 MR. ISAKOFF: Good morning.

20 THE COURT: Good morning. I think there's some  
21 attorneys wishing to come forward, so let's just wait a  
22 moment.

23 MR. ISAKOFF: May I proceed?

24 THE COURT: Please.

25 MR. ISAKOFF: We're here today because LBHI was the

1 guarantor of a lease of one of its subsidiaries LBL in  
2 London, quite a large building. The claimants Canary Wharf  
3 and affiliates were the landlord, and by stipulation that  
4 was so ordered by Your Honor on September 1, 2011, they have  
5 limited their claims to \$780 million.

6 We filed an objection to the claims last summer.  
7 They opposed them. We filed a reply last week. There are  
8 quite a number of disputed issues of English law. There are  
9 opinions of Queen's counsel submitted by both sides, and one  
10 of the issues we raise, if we were successful, would lead to  
11 the expungement of the guaranteed claim in its entirety.  
12 The others, to the extent that their claims survive would  
13 involve a number of factual issues, in addition to English  
14 law issues, and as to those, should the claim not be  
15 expunged in its entirety, we would like to have fact and  
16 expert discovery, both as to liability and damages.

17 We have started to try to talk about a procedure as  
18 to how to move forward here, whether to have oral argument  
19 on one or more issues before Your Honor, and then to the  
20 extent that the claims survive, proceed the discovery or  
21 exactly how to proceed. Those conversations begun this  
22 morning out in the hallway. I think it's fair to say are  
23 preliminary in nature. Have not thus far resulted in  
24 anything that we have to present to Your Honor as a way to  
25 proceed.

1           And I guess my suggestion would be that we perhaps  
2       set a date with some time for oral argument, and perhaps in  
3       advance of that, have enough discussions such that perhaps  
4       we can reach an agreement on precisely what issues to  
5       present at that time, or whether we should simply go into  
6       discovery, that kind of thing.

7           THE COURT: I'm not entirely clear on what you  
8       would be arguing on a preliminary basis, without the benefit  
9       of discovery and a full factual record.

10          MR. ISAKOFF: There is one issue as to which I  
11       believe the facts are effectively undisputed, and that is as  
12       part of the landlord's dealings with the tenant without our  
13       knowledge where they entered into what we've called a  
14       forfeiture letter, they reached an agreement with the  
15       tenant, that they would abandon their administrative claim  
16       for unpaid rent that had accrued to that point, in exchange  
17       for a payment of one and a half million pounds, which in the  
18       opinion of our Queen's counsel, resulted in the guarantee  
19       against -- claim against us being entirely discharged.

20          That is effectively a question of English law,  
21       which we could argue to Your Honor. And if we were  
22       successful, that would obviate the need for anything else in  
23       the case. But that's the one issue that really is  
24       susceptible to that type of treatment.

25          THE COURT: This is the first time that I can

1 recall that issues relating to LBL have been presented to  
2 me. To the extent that there was an argument that the  
3 administrative claim of LBL was being affected, was that a  
4 claim in this proceeding, or was that a claim in the UK  
5 proceeding?

6 MR. ISAKOFF: That was a claim in the UK  
7 proceeding, I believe, Your Honor, that the landlord would  
8 have an administrative claim. I believe it was -- I'm going  
9 on memory now, but about 30 million pounds for unpaid rent,  
10 it might have been dollars, I'm not sure which it was, and  
11 which was released as a priority claim, in exchange for a  
12 payment of one and a half million pounds. And obviously  
13 that increased LBHI's liability under the guarantee, because  
14 that administrative expense claim presumably could've been  
15 paid in full in that proceeding. And it's depending of our  
16 QC that that visciated the guarantee entirely, because it  
17 was done without our knowledge and consent.

18 THE COURT: Okay. Well, there are conflicting  
19 opinions of counsel, so it's going to be difficult to decide  
20 that without the benefit of context. And perhaps without  
21 the benefit of live witnesses. But I'll hear what the  
22 parties have to say about procedure.

23 MR. ISAKOFF: Okay.

24 MR. TULCHIN: Your Honor, good morning, Your Honor,  
25 David Tulchin from Sullivan and Cromwell for Canary Wharf.

1 In one respect I think we agree with counsel, and  
2 that is that there are issues of English law that are  
3 potentially determinative here, and to which no discovery is  
4 necessary. I have two suggestions about how to proceed,  
5 Your Honor, if I might. And we did try to -- we had a brief  
6 discussion about this just a few moments ago in the hallway,  
7 but were not able to reach any agreement at least thus far.

8 First, Your Honor, I do think it would make sense,  
9 and here's where I think we agree, for the Court to resolve  
10 English law questions at the outset. Because potentially,  
11 they are determinative. I think it would be useful to the  
12 Court to do so after you've heard from the two English  
13 lawyers, the two Queen's counsel. And I suggest that we  
14 have a brief evidentiary hearing. My guess is that it would  
15 take a day and a half for the two lawyers to testify. I  
16 think it would be helpful for the Court in understanding the  
17 contract and the issues of English law that have been  
18 presented.

19 For example, Mr. Isakoff referred to his QC, his  
20 opinion goes on for 43 pages. It's 109 paragraphs, not all  
21 of that, by any means, I think will be all that relevant to  
22 the type of hearing that I'm proposing. But there are some,  
23 let's say, some little nooks and crannies of English law.  
24 Our QC, whose name is Laurence Rabinowitz, of course, has  
25 views that are quite different than Mr. Millett (ph).

1           So before we have discovery, I think it would be  
2   helpful to have, assuming the Court has the time, of course,  
3   a brief evidentiary hearing.

4           And secondly, Your Honor, and this is I think more  
5   in the way of a detail, but objections to the claim were  
6   filed last August without the submission of any opinion from  
7   an English barrister. In fact, there was only a very scant  
8   mention of English law in the papers that were filed on the  
9   objection.

10          We responded in October with our papers, including  
11   the opinion of Mr. Rabinowitz. And it was only in reply  
12   that they came forward with their Mr. Millett, who has  
13   addressed lots of questions of English law in reply. And I  
14   wonder if we couldn't get leave from the Court to submit a  
15   brief surreply since our QC, of course, did not have the  
16   opportunity to address the issues of English law that are  
17   now being stated to be determinative of at least the  
18   preliminary stage of our claim.

19          And I would propose to submit a surreply, Your  
20   Honor, at the Court's convenience, perhaps in three weeks if  
21   that makes sense.

22          THE COURT: I have insufficient information at this  
23   point concerning the nature of the dispute between two  
24   obviously eminent English barristers, concerning a point of  
25   English law that may be familiar to justices of the high



1 court, but that are to me, matters of foreign law.

2 It is unclear to me from what you've told me, and  
3 frankly from what little I've read of this in preparing for  
4 today's status conference, whether the disagreements  
5 concerning the application of English law to this dispute  
6 are disagreements based upon unsettled law, or good faith  
7 disagreements as to the application of black letter law to  
8 the leasing question, and to the damages related to the  
9 claims being asserted.

10 I looked generally at the papers that you filed,  
11 and believe this to be a complex matter unless it can be  
12 disposed of as a threshold question of law, in which you're  
13 entitled or not entitled to the damages you seek.

14 It occurs to me that rather than simply stating  
15 yes, go ahead and file a surreply, that it would be sensible  
16 for the parties to continue the discussions that started  
17 this morning in the hallway. And for you to continue to  
18 meet and confer and to develop a well considered set of  
19 prehearing procedures relating to the evidentiary hearing  
20 that you propose.

21 It seems to me that some form of evidentiary  
22 hearing would be desirable, certainly from my perspective,  
23 since to read submissions is never quite as compelling, as  
24 hearing someone with a particularly well-turned English  
25 accent speak to me from the witness stand.

1           So my suggestion is that you should have an  
2           opportunity to respond, but I believe that that opportunity  
3           should be part of a broader understanding that the parties  
4           can reduce to writing, and I can so order relating to  
5           prehearing procedures. I'll certainly make time for such a  
6           hearing.

7           I would also suggest that during the course of  
8           developing this prehearing set of procedures, that the  
9           parties give some thought to submitting this issue to  
10          arbitration or mediation. Arbitration in London before  
11          perhaps a retired justice of the high court, or mediation  
12          involving someone who is, by disposition and background, an  
13          expert in matters of this sort might be useful for you to  
14          consider.

15          Additionally, it seems to me that the matters that  
16          are to be presented here are susceptible potentially to  
17          mediation, and that some thought be given to that. I'm not  
18          directing it, I'm not even recommending it. I'm just saying  
19          that some thought might be given to whether that makes sense  
20          under these circumstances.

21               MR. TULCHIN: Of course, Your Honor, happy to  
22               consider that. I think these are very good suggestions.

23               THE COURT: And in developing a prehearing  
24               stipulation, my suggestion is that you contact my chambers,  
25               so that you can include several hearing dates. If you think

1 it's a two-day hearing, let's have two days at a point in  
2 time where you would reasonably anticipate will be suitable  
3 for the occasion.

4 Mr. Isakoff?

5 MR. ISAKOFF: Yes, Your Honor, if I might just for  
6 one moment. This is a suggestion I heard for the first time  
7 this morning in the hall, to have a hearing where the two  
8 QCs testify. And it seems to me that before you were to  
9 bring them over and to try to deal with the whole list of  
10 issues that they've given opinions on, there are a number of  
11 those as to which we would want to have a developed factual  
12 record. Not just on damages, but on issues going to  
13 liability under various theories.

14 And it seems to us that discovery should precede  
15 the kind of effort to bring the QCs over and have Your Honor  
16 take up time with a hearing for one and a half to two days.

17 THE COURT: I hear what you're saying, and I'm not  
18 ready to say that you're right, but you might be. And my  
19 thought on this is that, that's a subject to be considered  
20 when you meet and confer to discuss procedures.

21 Additionally, it seems to me that many of the  
22 factual matters here are discernible, identifiable, and in  
23 all likelihood susceptible to a stipulation of facts, rather  
24 than the burdens of depositions or formal discovery. And my  
25 suggestion is that since the documents that relate to this,

1 no doubt, have already been identified, and that the  
2 individuals who know something about those, no doubt, are  
3 known to the parties. That some consideration be given to  
4 developing a list of pertinent facts that I can then take  
5 into consideration at the time of argument, with regard to  
6 how those facts should be interpreted.

7 MR. ISAKOFF: Your Honor, I -- in saying anything,  
8 I am, this morning, I fully understand that Your Honor is in  
9 no position to rule on any of these things. I just did not  
10 want to sit down and suggest that we were in agreement with  
11 the things that were being said here.

12 In terms of developing a factual stipulation, in  
13 fact, there are many things that we do not know that are  
14 pertinent here. And it very well may be we can come in with  
15 a list of stipulated facts, after we've had a chance to find  
16 out what's in the -- in our adversary's files.

17 MR. TULCHIN: Your Honor, if I may. I agree with  
18 the Court that perhaps this is the sort of thing that we can  
19 sit down and talk about. I'm hopeful we can come to some  
20 resolution about it.

21 There -- it may be that there are some facts, I'm  
22 quite sure there are some factual issues that go only to the  
23 question of damages. And those, for example, it seems to  
24 me, should be deferred until after an adjudication of these  
25 English law questions.

1           Those would be -- those factual issues potentially  
2           could be the subject of a great deal of discovery I think.  
3           But there may be fact issues on liability issues, and  
4           liability questions, that we can agree, should be the  
5           subject of some limited discovery. I'm happy to consider  
6           that. And I think maybe Mr. Isakoff and I should --

7           MR. ISAKOFF: We'll talk.

8           MR. TULCHIN: -- meet about this and spend some  
9           time going through the Court's suggestions.

10          THE COURT: We all agree, you should talk.

11          MR. ISAKOFF: Thank you, Your Honor.

12          MR. TULCHIN: Thank you, Your Honor.

13          THE COURT: And my suggestion is just so we can  
14          keep a watch on this, that this be an agenda item for the  
15          February omnibus hearing calendar only if you are unable to  
16          reach an understanding concerning procedures.

17                 So that's basically a 30-day window to reach an  
18          understanding. And if you can't, to come in and explain  
19          what the problems are.

20          MR. TULCHIN: Very good, Your Honor.

21          THE COURT: Okay.

22          MR. TULCHIN: Thank you, sir.

23          THE COURT: Thank you.

24          MR. ISAKOFF: Your Honor, I've been handed the  
25          agenda. I'm told that the next one is a hearing to consider